

Message Text

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7672

INFO AMEMBASSY MOSCOW

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMCONSUL HONG KONG

USLO PEKING

S E C R E T SECTION 1 OF 3 TOKYO 3797

FOR S/P ARMACOST

E.O. 11652: XGDS-1

TAG: PFOR, PDIP, CH, US, JA, US

SUBJECT: US-CHINA POLICY: IMPLICATIONS FOR JAPAN AND US-JAPAN
RELATIONS

INTRODUCTION: THIS ANALYSIS OF THE IMPLICATIONS OF US-CHINA POLICY FOR OUR RELATIONSHIP WITH JAPAN DERIVES FROM TWO SESSIONS OF POLICY PLANNING DISCUSSIONS CONDUCTED BY THE AMBASSADOR WITH EMBASSY STAFF, AND IS BASED ON PERCEPTIONS WE HAVE OBTAINED THROUGH A WIDE VARIETY OF CONVERSATIONS OVER MANY MONTHS. MOST OF OUR INTERLOCUTORS WERE FONOFF PLANNERS AND ANALYSTS. THIS CABLE WILL SET FORTH JAPAN'S OWN OBJECTIVES IN ITS RELATIONS WITH THE PRC AND IN THAT CONTEXT DISCUSS THE IMPLICATIONS FOR US-JAPAN RELATIONS OF THE VARIOUS POSSIBLE COURSES WHICH A APPEAR TO EXIST FOR US IN PURSUIT OF RELATIONS WITH PEKING. AS A RELATED BUT SPECIAL ISSUE, JAPAN'S VIEWS REGARDING TAIWAN WILL ALSO BE DISCUSSED.

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SUMMARY. MAINTENANCE OF REGIONAL AND OVERALL STRATEGIC SUPERIORITY AGAINST AN EXPANSIONIST SOVIET UNION IS ONE OF THE KEY FACTORS BEHIND JAPANESE INTEREST IN DEVELOPING RELATIONS WITH THE PRC BY THE US AND JAPAN. THE DEATH OF CHOU EN-LAI AND TENG HSIAO-PING'S CURRENT ECLIPSE HEIGHTEN JAPANESE INTEREST IN THE COURSE OF US CHINA POLICY AND THE EFFECTS OUR POLICY MIGHT HAVE ON JAPAN. JAPAN SEEKS ITS OWN RELATIONSHIP WITH PEKING FOR SECURITY REASONS, CULTURAL AFFINITIES, AND, STILL SECONDARILY, ECONOMIC GOALS. BUT TOKYO HOPES TO ACHIEVE ITS OWN OBJECTIVES WITHIN THE CONTEXT OF STEADILY IMPROVING US-PRC RELATIONS, AVOIDING EMERGENCE OF COMPETITION IN OUR PARALLEL APPROACHES TO PEKING, AND WITHOUT RUPTURING DETENTE AND DISARMAMENT EFFORTS WITH MOSCOW. JAPANESE EXPECT EARLY NORMALIZATION OF US-PRC RELATIONS, PROBABLY WITHIN THE NEXT US ADMINISTRATION. THEY EXPECT AND HOPE CREDIBLE ARRANGEMENTS WILL BE MADE FOR TAIWAN'S FUTURE SECURITY, INCLUDING PROVISION FOR CONTINUED SUPPLY OF MILITARY EQUIPMENT FOR TAIWAN'S SELF-DEFENSE. SUCH AN EVOLUTION WOULD CAUSE MINIMAL PROBLEMS IN US-JAPAN RELATIONS.

ON THE CONTRARY, OTHER POSSIBLE THOUGH NOT EXPECTED COURSES IN THE DEVELOPMENT OF US-CHINA RELATIONS SEEM TO INVOLVE HEAVY RISKS FOR THE JAPANESE. FOR EXAMPLE, DETERIORATION IN US-CHINA RELATIONS, FEARED BY SOME, COULD RE-POLARIZE POLITICAL OPINION IN JAPAN, RENEW INTENSE DEBATE REGARDING MUTUAL SECURITY ARRANGEMENTS, AND LEAVE THE GOJ CAUGHT BETWEEN CONTRADICTORY REQUIREMENTS FROM WASHINGTON AND PEKING. AT THE OTHER END OF THE SPECTRUM, A DRAMATICALLY WARM AND OVERLY EXPLICIT TRILATERAL ARRANGEMENT -- THE QUASI-ALLIANCE WITH CLEAR MILITARY IMPLICATIONS THAT SOME OBSERVERS SEE EMERGING -- COULD JEOPARDIZE STABLE RELATIONS WITH MOSCOW AND IMPRUDENTLY STRENGTHEN PEKING'S MILITARY CAPABILITY.

EMBASSY CONCLUDES FROM ABOVE THAT CURRENT US COMMITMENT TO STEADY THOUGH UNSPECTACULAR PROGRESS TOWARD NORMALIZATION IN FULL CONSULTATION WITH JAPAN IS COURSE MOST COMPATIBLE WITH MAINTENANCE OF HEALTHY RELATIONS BETWEEN US AND JAPAN, END SUMMARY.

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1. US-PRC ENTENTE, WHICH JAPANESE CONSIDERED WAS CODIFIED IN PRES FORD'S "NEW PACIFIC DOCTRINE", SERVES AS A SIGNIFICANT FACTOR TO COUNTERBALANCE WHAT IS PERCEIVED BY MOST JAPANESE AS THE ONLY REAL THREAT TO JAPAN'S LONG-TERM SECURITY -- THE EMERGENCE OF SOVIET GLOBAL STRATEGIC SUPERIORITY OVER THE U.S. OUR MAINTAINING OVERALL STRATEGIC SUPERIORITY TO DETER THE SOVIETS FROM MILITARY AND TERRITORIAL EXPANSIONISM AND

AMBITIONS OF GLOBAL DOMINANCE IS A MAJOR FACTOR BEHIND JAPANESE PLANNERS INTEREST IN OUR DEVELOPING RELATIONS WITH THE PRC. IN EFFECT, TO JAPANESE, CHINA HAS ALREADY BECOME A SIGNIFICANT ELEMENT OF THE COLLECTIVE SECURITY OF THE NON-COMMUNIST, INDUSTRIALIZED NATIONS INCLUDING JAPAN.

2. JAPAN'S POLICY GOALS IN ITS RELATIONS WITH THE PRC. JAPAN HAS THREE ELEMENTARY REASONS FOR SEEKING ITS OWN RELATIONSHIP WITH THE PRC: A. NATIONAL SECURITY; B. A VAGUE COMPLEX OF HISTORICAL, CULTURAL, GEOGRAPHICAL AFFINITIES; C. ECONOMICS.

A. THE RELATIONSHIP WITH THE PRC ENGAGES JAPAN'S NATIONAL SECURITY INTERESTS IN TWO WAYS: FIRST, CHINA'S CURRENT MILITARY CAPABILITY - AND GREATER POTENTIAL - AND THE HISTORY OF ENMITY BETWEEN THEM DEMAND AN EFFORT TOWARD FRIENDLY RELATIONS FOR AN UNARMED JAPAN WHOSE GOAL IS PEACEFUL COEXISTENCE. SECOND, CONTINUATION OF THE SINO-SOVIET SPLIT IS REGARDED AS VITAL TO JAPAN'S SECURITY INTERESTS. SINO-SOVIET ANTAGONISM GAINS INCREASING SIGNIFICANCE AS JAPANESE PERCEIVE US STRATEGIC MILITARY STRENGTH DECLINING RELATIVE TO THAT OF THE SOVIETS. THE SINO-SOVIET SPLIT IS RELEVANT BOTH REGIONALLY IN THE PACIFIC AND GLOBALLY TO JAPAN'S SECURITY. IN THIS CONNECTION JAPANESE PRESS HAS PLAYED UP REPORTS OF US NAVAL INFERIORITY TO THE SOVIETS IN THE SEA OF JAPAN AND NORTH WEST PACIFIC GENERALLY. TO JAPANESE, INASMUCH AS THE SOVIET UNION IS REGARDED AS AN EXPANSIONIST POWER, PARALLEL EFFORTS BY CHINA, THE US, AND JAPAN ARE MEANT TO CURB SOVIET EXPANSIONISM.

THE POSSIBILITY OF RAPPROCHEMENT BETWEEN THE SOVIET UNION AND THE PRC WORRIES JAPANESE POLICY-PLANNERS. WHILE JAPAN WISHES TO HAVE GOOD STABLE RELATIONS WITH BOTH MOSCOW
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AND PEKING, TOKYO HOPES CHINA WILL MOVE INTO CLOSER RELATIONS WITH THE US AND JAPAN, THEREBY EXPLOITING THE SINO-SOVIET SPLIT TO STRENGTHEN JAPANESE SECURITY.

B. RELATIONS WITH CHINA ALSO ARE IMPORTANT BECAUSE OF GEOGRAPHICAL, RACIAL, AND CULTURAL AFFINITIES BETWEEN THE TWO NATIONS. THOUGH LACED WITH RESENTMENTS AND PATRONIZING ATTITUDES ON BOTH SIDES WHICH HAVE GROWN DURING A LONG AND SOMETIMES VIOLENT HISTORICAL RELATIONSHIP, THESE AFFINITIES MAKE CLOSER TIES PSYCHOLOGICALLY COMPELLING TO THE JAPANESE.

C. ECONOMIC RELATIONS ARE A SECONDARY FACTOR, THOUGH INCREASING IN IMPORTANCE. POTENTIALLY MASSIVE MARKETS ARE THE DREAM OF JAPANESE BUSINESSMEN, BUT JAPANESE POLICY PLANNERS ASSERT THAT ECONOMICS IS NOT THE BASIC DETERMINANT

IN JAPAN'S DESIRE TO IMPROVE RELATIONS WITH CHINA. RAPPROACHMENT WITH CHINA, THEY CONTEND, WOULD BE DESIRED EVEN IF ECONOMIC POTENTIAL WERE MEAGER. MOREOVER, CHINA WILL NOT REPLACE THE US OR EUROPE AS A PRIMARY ECONOMIC PARTNER. NEVERTHELESS, GRADUALLY AND OVER THE LONGER TERM, CHINA HAS THE POTENTIAL TO BECOME BOTH A MARKET OF MAJOR IMPORTANCE AND A SIGNIFICANT SUPPLIER OF CRUDE OIL (AND POSSIBLE PETROLEUM PRODUCTS) AND COAL TO JAPAN.

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3. WITH THESE REASONS AND GOALS IN MIND, JAPAN HAS THE FOLLOWING GENERAL DESIRES CONCERNING US RELATIONS WITH THE PRC: A. JAPAN FAVORS STEADY IMPROVEMENT OF US-PRC TIES. B. FOR PSYCHOLOGICAL AND DOMESTIC POLITICAL AND ECONOMIC REASONS, JAPAN WISHES TO APPEAR MEASURABLY AHEAD OF US IN CULTIVATING RELATIONS WITH PEKING; AT THE SAME TIME, ABOVE ALL, JAPANESE WISH TO AVOID EMERGENCE OF CONDITIONS OF COMPETITION IN OUR PARALLEL APPROACHES TO IMPROVEMENT OF RELATIONS WITH PEKING. C. JAPAN WOULD NOT WISH US RELATIONS WITH PEKING TO POISON OUR RELATIONS WITH THE SOVIETS, TO JEOPARDIZE OUR OBJECTIVES IN SALT NEGOTIATIONS AND OTHER DISARMAMENT EFFORTS, OR OTHERWISE ENGENDER RESUMED

GLOBAL SUPERPOWER TENSIONS.

4. THE EXPECTED COURSE: EARLY NORMALIZATION.

THE GOJ DOES NOT BELIEVE WASHINGTON IS COMMITTED TO ANY TIMETABLE WITH PEKING, BUT JAPANESE ANTICIPATE THAT, BARRING UNEXPECTED DEVELOPMENTS, THE US WILL MOVE TO EARLY "NORMALIZATION" OR RELATIONS WITH PEKING. JAPANESE NOW INTERPRET THIS TO MEAN BY THE NEXT ADMINISTRATION, PROBABLY SECRET

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AS EARLY AS 1977 OR 1978. THEY EXPECT CREDIBLE DE FACTO ARRANGEMENTS WILL BE MADE FOR TAIWAN'S SECURITY, INCLUDING AT LEAST TACIT AGREEMENT BY PEKING NOT TO EMPLOY FORCE TO RESOLVE THE TAIWAN ISSUE. TAIWAN WOULD RETAIN NECESSARY DEFENSE CAPABILITY.

5. THIS IS THE COURSE MOST COMPATIBLE WITH JAPANESE INTERESTS. DEVELOPING ENTENTE BETWEEN THE US AND THE PRC, MANAGED WITH CLOSE PARALLEL CONSULTATIONS BETWEEN JAPAN AND THE US, WOULD BOLSTER JAPAN'S SENSE OF SECURITY. MAINTENANCE OF ACCESS TO A TAIWAN PERMITTED AT LEAST FOR THE TIME BEING TO MAINTAIN A SEPARATE EXISTENCE WOULD MEET ECONOMIC NEEDS AND DOMESTIC POLITICAL SENSITIVITIES. THE RIGHT WING OF THE LDP WOULD REACT STRONGLY IF ANY SETTLEMENT CAUSED LASTING DESTABILIZATION OF THE DOMESTIC SITUATION IN TAIWAN, AFFECTING JAPANESE ACCESS TO THE ISLAND. SIMILARLY, A SETTLEMENT THAT PRECLUDED THE MAINTENANCE OF A SEPARATE EXISTENCE FOR TAIWAN WOULD STIR PROTEST AND ERODE CONFIDENCE IN AMERICAN ABILITY TO HANDLE THE COMPLEXITIES OF ASIAN POLITICS.

6. DETERIORATION OF US-PRC RELATIONS.

WHILE NOT EXPECTED, SOME JAPANESE OBSERVERS BELIEVE THAT A DETERIORATION IN RELATIONS BETWEEN THE US AND THE PRC CANNOT BE RULED OUT ALTOGETHER. MOST JAPANESE (AND WE) DO NOT EXPECT GENUINE RAPPROCHEMENT BETWEEN MOSCOW AND PEKING; NEVERTHELESS, SOME ANALYSTS BELIEVE DETERIORATION IN OUR RELATIONS WITH PEKING COULD OCCUR IF THE POST-MAO CHINESE LEADERSHIP BECAME DISILLUSIONED WITH US STRENGTH, RESOLVE, OR POLICIES, OR WITH THE PACE OF US-PRC NORMALIZATION; LEADERSHIP CHANGES IN PEKING WITH UNPREDICTABLE MANDATES OR POLICIES OR PERHAPS WITH LESS AUTHORITY TO DEAL WITH OR MAKE CONCESSIONS TO THE US COULD PRODUCE EFFORTS TO SEEK RAPPROCHEMENT WITH THE SOVIET UNION OR EVEN, THOUGH MUCH LESS LIKELY, TO "GO IT ALONE." CHOU EN-LAI'S DEATH AND TENG HSIAO-PING'S CURRENT ECLIPSE HAVE ALREADY PROMPTED SOME JAPANESE ANALYSTS (IN THE FONOFF AND ELSEWHERE) TO WONDER WHETHER A GOVERNMENT HEADED BY HUA KUO-FENG OR TENG HSIAO-PING WILL HAVE THE AUTHORITY AND CONTROL TO MAKE THE HARD COMPROMISES NECESSARY FOR NORMALIZATION

WITH THE US. THE PICTURE BEYOND MAO IS EVEN MORE

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UNCERTAIN. MOREOVER, AT LEAST THEORETICALLY, CHANGES IN US LEADERSHIP, PERHAPS HARDENING US POSTURE INTO A "TWO-CHINA" POLICY, COULD INDUCE THE SAME RESULTS IN PEKING. STAGNATION IN US-PRC RELATIONS IS THOUGHT BY SOME JAPANESE TO BE LIKELY TO RESULT IN DETERIORATION.

7. SHOULD RELATIONS BETWEEN THE US AND PRC DETERIORATE, A. THE GOJ WOULD FIND ITSELF INCREASINGLY CAUGHT BETWEEN EXPLICIT AND INFERRED DEMANDS FROM BOTH THE US AND PRC. POLITICAL POLARIZATION ON THE CHINA ISSUE IN JAPAN WOULD BECOME INCREASINGLY SEVERE, RETURNING TO THE BASIC CONFRONTATION WITH THE OPPOSITION FROM WHICH THE LDP FINALLY ESCAPED IN THE EARLY '70'S. SIMILAR SPLIT WOULD ALSO DEVELOP WITHIN THE LDP. B. IN SPECIFIC FOREIGN POLICY DECISIONS, THE IMPACT OF DETERIORATING US-PRC RELATIONS ON THE GOJ WOULD BE PARTICULARLY EVIDENT IN THE UN ON THIRD AND FOURTH WORLD ISSUES. TENSION COULD INCREASE ON THE KOREAN PENINSULA AND IN SE ASIA WITH WORRISOME IMPLICATIONS FOR JAPAN. C. THE PRC VIEW OF THE US-JAPAN MUTUAL SECURITY TREATY COULD REVERT, AFFECTING THE DOMESTIC POLITICAL VALUE OF THE MST AS A MAJOR POLITICAL ISSUE. D. IN A SOMEWHAT DIFFERENT CATEGORY, CLOSELY RELATED TO THE STATE OF SINO-SOVIET RELATIONS, ARE RAMIFICATIONS FOR TAIWAN OF RENEWED HOSTILITY IN SINO-US RELATIONS. TENSIONS COULD GROW OVER TAIWAN BECAUSE THE PRC MIGHT SEE NO CHANCE OF EARLY REUNIFICATION. REPERCUSSIONS WOULD BE FELT IN JAPAN BOTH IN POLITICAL DIVISIVENESS AND BECAUSE PEKING MIGHT TRY TO CURB JAPAN'S ECONOMIC AND OTHER RELATIONS WITH TAIWAN.

8. EVEN IF US-PRC RELATIONS DETERIORATED, THE GOJ WOULD CONTINUE TO GIVE PRIORITY TO RELATIONS WITH THE US, SO LONG AS THE LDP DOMINATES THE GOVERNMENT, AND SO LONG AS THE JAPANESE REMAIN CONFIDENT IN US STRENGTH AND THE STEADFASTNESS OF OUR COMMITMENT.

8. QUASI ALLIANCE: US-PRC-JAPAN AXIS. MORE PREVALENT THAN THOSE WHO ASSERT CONCERN OVER POSSIBLE DETERIORATION IN US-PRC RELATIONS ARE OBSERVERS WHO SEE THE US AND PRC, AND INDIRECTLY JAPAN, MOVING INTO A QUASI ALLIANCE AGAINST THE SOVIET UNION. EXPECIALLY FOLLOWING ISSUANCE OF THE "NEW PACIFIC DOCTRINE"

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BY PRESIDENT FORD, JAPANESE JOURNALISTS REFER FREQUENTLY TO AN AXIS AMONG THE US, PRC, AND JAPAN. WHETHER "QUASI" OR FORMALIZED, WITH OR WITHOUT FULL "NORMALIZATION" BETWEEN THE US AND PRC, THESE OBSERVERS BELIEVE POLICIES IN WASHINGTON, PEKING AND TOKYO (AND THE EUROPEAN COMMUNITY) WILL MOVE INCREASINGLY INTO TANDEM TO TRY TO PREVENT SOVIET EXPANSIONISM. MOSCOW'S REACTIONS TO THE NEW DOCTRINE HAVE REINFORCED THIS IMPRESSION. MILITARY RELATED EXCHANGES (E.G. INTELLIGENCE, DEFENSIVE MILITARY EQUIPMENT, OR PERHAPS PARAMILITARY EQUIPMENT) BETWEEN THE PRC AND US WOULD PROBABLY BE A FEATURE OF THIS COALITION OF INTERESTS. IN THIS CONTEXT, THE SPEY TURBO-JET ENGINE SALE TO PEKING BY LONDON IS WIDELY THOUGHT TO HAVE HAD THE APPROVAL OF WASHINGTON.

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9. THOUGH A QUASI ALLIANCE APPEALS AT FIRST BLUSH TO HAVE ADVANTAGES, MOST JAPANESE ANALYSTS SEE DEEP PITFALLS IN SUCH AN ARRANGEMENT. SKEPTICISM ABOUT A WASHINGTON-TOKYO-PEKING AXIS AMONG JAPANESE FALLS IN THE FOLLOWING CATEGORIES: A) THE EXISTENCE OF SUCH AN AXIS WOULD PROBABLY CREATE PARANOIA IN MOSCOW AND JEOPARDIZE DETENTE AND DISARMAMENT EFFORTS. THIS IS AN EVENTUALITY WHICH JAPAN'S PLANNERS DO NOT DESIRE.

B) ANY MILITARY EXCHANGE OR SALE TO THE PRC CUTS TWO WAYS, AS JAPANESE AMBIVALENT REACTION TO THE SALE OF SPEY TURBO-JET ENGINES BORE OUT. JAPAN DOES NOT WISH CHINA'S OFFENSIVE MILITARY CAPABILITY OR PRODUCTION CAPABILITY STRENGTHENED TO THE POINT THAT THE REGIONAL MILITARY BALANCE MIGHT BE UPSET. MOREOVER, JAPANESE WOULD BE CONCERNED IF PEKING RECEIVED ADVANCED TECHNOLOGY WHICH GAVE CHINA COMMERCIAL EXPORT ADVANTAGES OVER JAPAN.

10. THE TAIWAN QUESTION: WHATEVER COURSE US-PRC RELATIONS MIGHT TAKE, JAPAN RETAINS INTEREST IN TAIWAN. WHILE JAPANESE VIEWS US-PRC RELATIONS IN NE ASIA, FOUR POWER AND GLOBAL CONTEXTS,
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THEY ARE ALSO INTERESTED IN HOW WE DEAL WITH THE TAIWAN ISSUE. JAPAN WISHES TO MAINTAIN DIRECT ACCESS TO TAIWAN AND THE GOJ WOULD NOT URGE THAT WE NORMALIZE RELATIONS WITH PEKING AT THE COST OF TAIWAN'S (AND JAPAN'S) INTERESTS THEREIN. WITHIN THIS FRAMEWORK, THE GOJ EXPECTS AND WANTS US TO PRESERVE AT LEAST A DE FACTO SEPARATE EXISTENCE FOR TAIWAN. MANY JAPANESE WOULD BE DISTURBED SHOULD WE DISREGARD TAIWAN'S SECURITY OR STABILITY. ESPECIALLY WITHIN THE CONSERVATIVE WING OF THE LDP, ABRUPT ABANDONMENT BY US OF TAIWAN WITHOUT ARRANGEMENTS FOR MINIMAL SECURITY WOULD BE DISTURBING BOTH FOR TAIWAN'S OWN SAKE AND BECAUSE OF IMPLICATIONS FOR THE SECURITY ARRANGEMENTS BETWEEN THE US AND JAPAN.

11. BUT, JAPANESE PLANNERS EXPECT US TO MANEUVER PEKING INTO AT LEAST TACIT AGREEMENT THAT FORCE WOULD NOT BE USED BY PEKING TO RESOLVE THE TAIWAN PROBLEM. JAPANESE WOULD WANT TO SHARE OUR CONFIDENCE THAT DESPITE STATEMENTS OF PRINCIPLE TO THE CONTRARY, PEKING WOULD BE COMMITTED TO NOT USE MILITARY FORCE TO RESOLVE THE TAIWAN ISSUE AND THAT TAIWAN COULD MAINTAIN AN APPROPRIATE LEVEL OF MILITARY CAPABILITY. JAPANESE WOULD ALSO EXPECT US TO PROTECT US AND JAPANESE TRADE AND INVESTMENT INTERESTS IN TAIWAN AS PART OF A "NORMALIZATION" PACKAGE WITH PEKING.

12. CONCLUSION: EMBASSY BELIEVES THAT THE CURRENT AND LIKELY FUTURE COURSE OF US CHINA POLICY NEED NOT CAUSE MAJOR DIFFICULTIES FOR JAPAN OR FOR US-JAPAN RELATIONS. IMPROVING BILATERAL TIES AMONG CHINA, JAPAN AND THE US ARE REGARDED FAVORABLY AS A COUNTERWEIGHT TO SOVIET STRATEGIC CAPABILITIES AND AMBITIONS. JAPAN FAVORS USAPRC NORMALIZATION, WHICH CAREFULLY TAILORS OUR SUCCESSIVE MOVES TO INTERNATIONAL DEVELOPMENTS AND BILATERAL US-PRC NEEDS. A STEADY BUT FIRM COURSE TOWARD NORMALIZATION WHICH CONFIRMS OUR RELATIONSHIP WITH PEKING BUT ESCHEWS ALLIANCE AND DOES NOT JEOPARDIZE NEGOTIATED RELAXATION OF TENSION WITH

THE SOVIET UNION WILL SATISFY JAPAN'S OBJECTIVES AND ALSO
REASSURE JAPAN.

13. EMBASSY BELIEVES WE SHOULD BOLSTER THE POLITICAL/STRATEGIC
THRUST OF OUR CHINA POLICY BY BUILDING ECONOMIC TIES AMONG
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THE PRC, JAPAN AND THE U.S. FOR SAKE OF RELATIONS WITH BOTH
THE PRC AND JAPAN, WE RECOMMEND ACTIVE US PURSUIT OF
ECONOMIC RELATIONS WITH CHINA, SEEKING INVOLVEMENT, AS
POSSIBLE IN CHINA'S LONG-RANGE MODERNIZATION PLANS,
ESPECIALLY OIL PRODUCTION AND PROCESSING. IN RECOGNITION
OF INTENSE INTEREST WHICH CHINESE MATTERS COMMAND HERE
AND TO MINIMIZE POTENTIALLY ABRASIVE RIVALRIES, WE SHOULD
OF COURSE CONSULT CLOSELY WITH THE JAPANESE ON FUTURE DIRECTIONS
SUCH INVOLVEMENT MIGHT TAKE AND ENCOURAGE JAPAN TO CONSULT WITH US
ON THEIR INITIATIVES. SHOULD PEKING
POLICIES PERMIT, WE COULD ALSO CONSIDER UNDERTAKING ECONOMIC
PROJECTS WITH THE PRC IN CONCERT WITH JAPAN. WE COULD GAIN
LEVERAGE IN TOKYO AND PEKING IF WE CAN ENGAGE WITHOUT CONTENTION
CHINA'S BASIC ECONOMIC INTERESTS IN COOPERATIVE
DEVELOPMENT WITH JAPAN AND OURSELVES. DEVELOPED LINES
OF COMMERCE BETWEEN OURSELVES AND THE CHINESE AND
BETWEEN JAPAN AND THE PRC WILL ALSO BE A HEALTHY
UNDERPINNING OF STABILITY IN EAST ASIA.
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